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ABSTRACT

The different situations confronting young labor market entrants in different European countries may be described in terms of the following models: (1) the conditions of labor market entry are basically tied to the nature of the qualification acquired in initial training, experience accumulated in the labor market plays a very secondary role, and labor market entrants tend to be rapidly integrated into the work situations of more experienced work with the same qualification profile; (2) labor market entrants' working conditions are very different from those of more experienced workers, and initial training plays a lesser role in the transition process; and (3) labor market entrants have greater access to jobs and occupational mobility than in the first two models, and acquired experience and qualifications obtained in initial training are each involved in hiring but are partly interchangeable from companies' viewpoints. Denmark is representative of the first model; Italy is representative of the second, and France and the United Kingdom are representative of the third. These models are subject to change in response to factors such as the following: long-term economic prosperity combined with low demographic growth; the spread of new information and communication technologies; and changes in existing systems of work relations. (MN)

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The Situation of Young Labour-Market Entrants in Europe

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Training & Employment

A QUARTERLY NEWSLETTER FROM CEREQ AND ITS ASSOCIATED CENTRES

THE SITUATION OF YOUNG LABOUR-MARKET ENTRANTS IN EUROPE

Notwithstanding the creation of a European space for exchanges, labour markets in Europe remain quite marked by the particular features of each member country. Thus, the ways that young people enter the various labour markets are still far from convergent. Depending on the organisation of both industrial relations and the educational system, the school-to-work transition involves quite different realities. Thus, in certain cases, young labour-market entrants are workers like the others and in others, they are differentiated from the rest of the labour force.

In Europe, the conditions of labour-market entry for young people vary greatly from one country to another. In certain cases, their career profile is similar to that of the rest of the labour force, but in others, by contrast, they constitute a group with singular conditions of employment. Within this diversity, however, we may identify three main models reflecting the different situations confronting young labour-market entrants. These three models are distinguished by the relative importance they accord to experience and training in the school-to-work transition, but they also reflect different forms of labour-market organisation.

EXPERIENCE AND TRAINING, TWO ADVANTAGES FOR THREE FORMS OF LABOUR-MARKET ENTRY

• In the first model, the conditions of labour-market entry are basically tied to the nature of the qualification acquired in initial training, whereas the experience accumulated on the labour market plays a very secondary role, especially since initial work experiences have often already been acquired during initial training. This situation leads to a rapid integration of the labour-market entrants into the work situations of more experienced workers with the same qualification profile.

Denmark is a good illustration of this first model. In terms of unemployment risks, occupational mobility or the nature of the jobs held, young Danish entrants are hardly different from their elders (see table p. 2). All economic activities are open to them, and the wage return on initial training is rapid and largely stable. Rapid because the wage level of young entrants basically varies in function of their diploma level, and relatively stable because, at the same diploma level, their wage differs little from that of more experienced workers (see graph p. 3).

The countries following this model are characterised by a highly developped system of initial vocational training which maintains close relations with the socio-economic players in order to meet the demands of the labour market. The titles and diplomas that the training system issues are particularly well recognised by the companies. The acquisition of work experiences during initial training is encouraged, moreover, by alternating training programmes and part-time education that leaves a place for a limited work activity. In Denmark, for example, 60 percent of young people over fifteen years of age in initial training hold a job.

• In the second model, the working conditions of the labour-market entrants are very different from those of more experienced workers, and at the same time, initial training plays a lesser role in the transition process. It is as if young entrants constituted the last group of individuals considered during hiring, and access to employment is thus difficult for them. The most favourable work situations are temporarily closed to them, and they find themselves confined to low-paying jobs or the least attractive sectors. The school-to-work transition thus seems to be a lengthy process of gradual improvements in the initial entry situation.

Italy is one of the countries reflecting this second model. Whatever their training level, young entrants are sharply stigmatised on the labour market and have great difficulty

JUNIORS ON THE EUROPEAN LABOUR MARKETS: SELECTED INDICATORS

		Denmark	United Kingdom	France	Italy
• UNEMPLOYMENT RATE (%)					
Juniors	**Total**	**10**	**18**	**25**	**31**
	Short-term unemployment	8	12	19	11
	Long-term unemployment	2	6	6	20
Seniors	**Total**	**7**	**8**	**11**	**9**
	Short-term unemployment	4	4	6	3
	Long-term unemployment	3	4	5	6
Short-term = less than one year; long-term = more than one year.					
• UNEMPLOYMENT RATE AND DIPLOMA LEVEL (%)					
Juniors					
	Higher education graduates	7	8	14	30
	Secondary-school graduates	10	16	26	34
	No diploma	17	26	49	31
Seniors					
	Higher education graduates	3	3	6	4
	Secondary-school graduates	7	7	10	8
	No diploma	12	11	16	11
• VULNERABILITY TO UNEMPLOYMENT (%)					
Proportion of unemployed juniors and seniors among individuals in employment one year earlier					
Juniors		4.2	7.3	11.0	4.7
Seniors		2.5	2.7	4.2	1.9
Difference		*1.7*	*4.6*	*6.8*	*2.8*
• CONCENTRATION OF JUNIORS IN ECONOMIC ACTIVITY SECTORS (%)					
Juniors		18	27	27	40

The higher this indicator, the more the juniors are concentrated in certain economic activities; conversely, the lower it is, the more they are dispersed throughout all economic activities. (This indicator is equal to the coefficient of variation in the proportion of juniors in employment between the different economic activities.)

- **Juniors** ended their studies within the previous five years.
- **Seniors** ended their studies over five years earlier (and are under 50 years old)

(cf. Box p. 4)

These data represent averages, for the period from 1993 to 1997, calculated on the basis of Eurostat's Labour-Force Surveys (LFS).

obtaining jobs, as attested by their very high level of unemployment, and especially long-term unemployment. But once they are hired, their situation becomes relatively stable, as indicated by their relatively low level of vulnerability to unemployment. Italy is one of the rare countries where the proportion of the labour force in employment continues to rise for over-30 age groups, which suggests that labour-market entry is a particularly long process there. The remuneration level of labour-market entrants, moreover, is markedly lower than that of their elders and varies little in function of education level: the return on training seems above all related to the acquisition of work experience (cf. graph p. 3). The distribution of young entrants by economic activities is very uneven, which reflects their concentration in certain economic activities (cf. table this page).

• The third model is the most complex, with greater access to jobs and occupational mobility than in the two others. Acquired experience and the qualification obtained in initial training each play a role in hiring but are partly interchangeable from the companies' viewpoints. Among the young entrants, the advantage of diploma-holders is very marked; at equivalent diploma levels, the work situation of experienced labour-force members is more favourable than that of the young entrants.

France and the United Kingdom are two countries representative of this model. Labour-market entrants there are more vulnerable to unemployment than other members of the labour force but for periods of time that are, on the average, shorter. Their work situation is more fragile, as reflected by the higher vulnerability indicator (cf. table this page). These difficulties, however, mainly concern the least qualified young entrants, who have to compete with the more qualified entrants often preferred in recruitments. In the UK, remuneration is linked to work experience and initial training; even as the length of experience increases, the diploma continues to have an impact on the wage. The same observation may be made in France, especially for higher education diplomas. However, at lower training levels, we can mainly observe a return on experience, which reflects the greater heterogeneousness of the French situation (cf. graph p. 3).

A SINGLE EUROPE WITH PLURAL LABOUR MARKETS

Workers like the others in Denmark, stigmatised in Italy or subject to sharp competition in France and the UK–the situation of young labour-market entrants is not the same in all the European countries. But this variation cannot be explained solely by their respective characteristics in terms of training level or acquired experience. It is also rooted in the form of organisation predominating in the different national labour markets. In function of this organisation, experience and training do not have the same impact on employment conditions:

• When the occupational markets are dominant, initial vocational training is preponderant, and it is structured through dialogue. Employers assess the vocational title for

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its production value, which justifies a strong commitment on their part to developping it, but a commitment to apprenticeship or alternating training as well. Those holding a recognised vocational title are thus in a privileged position, even if their experience is limited. The qualification is transferrable to the whole of an occupational field, and mobility between companies is thus potentially high. Remunerations are tied to the individual qualification and increase with the certified acquisition of new competences but are less affected by seniority.

In this kind of market, young entrants with recognised vocational training have direct access to the occupational sector corresponding to their title. At an equivalent level of qualification, their employment conditions and unemployment rates are very similar to those of experienced workers. This situation is found in Denmark, but also in Germany and Austria, where the same form of labour-market organisation is dominant.

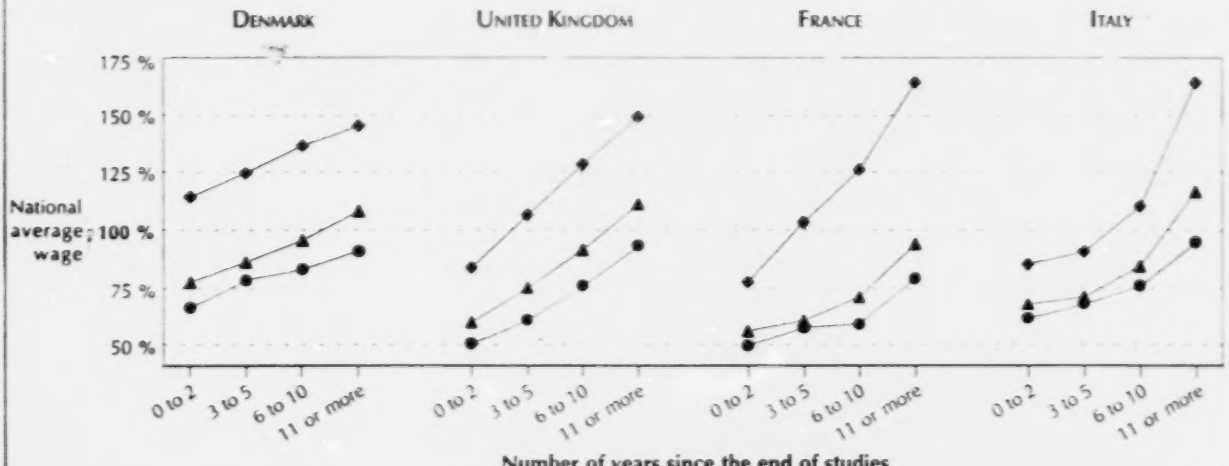
• When the internal markets are dominant, employers prefer vocational training specific to their company and consider the broad general or vocational initial training provided by the educational system only as a sign of aptitude. Mobility between companies is low insofar as the skills acquired on the job are only recognised internally, but the employees in place are highly protected. Remunerations are tied to the job and increase significantly with seniority in the company.

Access to the internal segment is selective. It may be obtained through the young entrants' initial diplomas, and possibly at the cost of a certain downgrading, or in function of the experience they have acquired outside. While waiting to enter this internal segment, they are unemployed or hold more unstable and less well-paid jobs in the external segment of the labour market. In this type of organisation, the situations of labour-market entrants and experienced workers in fact differ markedly, as may be observed in countries such as Italy or Greece which correspond to this model.

• When the labour market is open, the fixed costs of hiring, job training and termination should be low. In a context of sharp business competition, the companies seek to minimise their wage costs and investment in training, and they are all the more able to do so insofar as the training level of the labour force is high and there is sharp competition for employment. Thus, for comparable wage expectations, they select candidates in function of their diplomas and their experience. Employment relations are not stable: there is considerable mobility between companies as well as alternating periods of employment and unemployment. In this model, labour-market entry is easy for young people insofar as their training level is high and their wage expectations limited. They are little affected by long-term unemployment, but their jobs are highly unstable and their wages unlikely to rise. Since the wage bill (in terms of direct wage, social security contributions or greater flexibility) is a major criterion in recruitments, certain public measures for assisted jobs can nonetheless act in their favour.

France and the UK, as well as Belgium, Spain, Sweden and Finland, reflect certain aspects of this last model: diplomas and experience play a large role, and young entrants often hold unstable jobs and are thus more vulnerable to unemployment. But these countries also show certain features of the second model, based on a labour market that is essentially internal, notably the increase in wages with work experience. For entrants with a diploma, however, there is less discrimination than in the countries associated with the second model, such as Italy.

Level of wages and experience



• Interpretation: among British subjects without a diploma, the wages of those who have completed their studies less than two years earlier are on the average 50% lower than the national average. For those with eleven or more years of experience on the labour market, the wage is nearly equal to the national average.

Source: Eurostat wage structure surveys (WSS), 1994-1995. Gross monthly wages of full-time employees under fifty years of age. The grey dots on the graph (French subjects without diplomas who ended their studies less than ten years earlier) are given for information purposes only, as they are based on a very small sample.

If Europe's Single Market has created a uniform economic space, the same is not yet true for the labour market, which, in each country, remains marked by a specific form of organisation without, however, being completely reduced to it. The conditions of labour-market entry for young entrants reflect this diversity. But the three main models are not immutable, for in each one of them, the situation of labour-market entrants will probably have to change in response to the pressure of various factors:

• A long-term positive economic situation, combined with low demographic growth, could diminish the importance of competition between young entrants and experienced workers or even lead to significant recruitment problems for employers.

• With the spread of the new information and communication technologies, production and consumption alike are undergoing transformations. This expansion is pushing the companies to seek more qualified candidates for recruitment.

• Systems of work relations are presently based on skills. But the increasingly evoked notion of competence is calling established frames of reference into question and may lead to new equilibria.

Thomas Couppié and Michèle Mansuy (Céreq)

FURTHER READING

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JUNIORS AND SENIORS: TARGETING EXPERIENCE OVER AGE

In order to compare young entrants and experienced adults on the basis of their experience rather than their biological age, Céreq has developped indicators of labour-market entry reflecting the "length of time since the end of studies". Since this variable does not exist in most European labour-force surveys, however, it has been constituted by combining the highest diploma level and the theoretical age when this diploma was obtained (cf. *Education at a Glance. OECD Indicators* [Paris: OECD, 1998]). The difference between actual and theoretical age of obtaining the diploma thus permitted the establishment of two categories: the "juniors", whose studies came to an end within the preceding five years, and the "seniors," whose studies came to an end at least five years earlier.

This statistical study was carried out within the framework of two European projects:

• Céreq serves as consultant to the European Commission's "Education and Culture" division. In this role, it participated in the preparation of the forthcoming issue of *Key Data on Vocational Training*, which is devoted to the youth transition and is scheduled to appear at the beginning of the year 2001. The editorial board of this publication includes experts on the subject of labour-market entry and representatives of the European Commissions DGs and bodies: the "Education and Culture", "Employment" and "Research" directorates, Eurostat, CEDEFOP and the Turin Foundation. Eurostat provided access to Community databases (VET data concerning initial vocational training, labour-force surveys and a survey on wage structure) and calculated the wage indicators concerning juniors and seniors.

• Céreq also participates in the CATEWE (Comparative Analysis of Transitions from Education to Work in Europe) research programme which is funded by the "Research" DG and deals with processes of youth labour-market entry in Europe. This programme is co-ordinated by the Economic and Social Research Institute (ESRI) in Dublin and includes partners from Belgium, Germany, the Netherlands, Portugal, Scotland and Sweden. The quantitative analyses developped in this programme rely on two sources of information: the Community labour-force surveys and national labour-market entry surveys.

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